

“IMAGE OF THE POSSIBLE”

REPORT

Governor’s Task Force on Workforce Housing

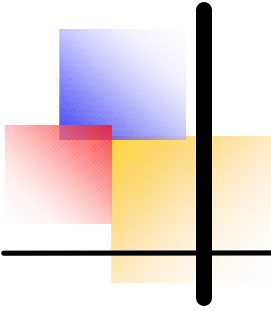
July 10, 2006

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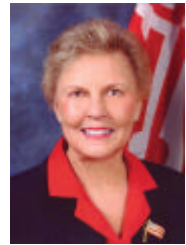
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Message from Secretary
Audrey E. Scott
Task Force Chairman



My Fellow Marylanders:

Our local communities serve the vital function of providing safe and nurturing places for our citizens to live and prosper. At the core of these communities are our homes. In light of the growing concerns over the availability and affordability of homes, homeownership for working families has become an increasingly challenging prospect. Reasonably priced housing for such families to enable them to live in the communities in which they are employed is essential.

To address this housing issue, Governor Robert L. Ehrlich, Jr. created the Task Force on Workforce Housing by Executive Order (01.01.2005.40) in October, 2005. The Governor assembled a group of citizen stakeholders to analyze the availability of workforce housing in the State of Maryland and to present a report with **Findings** and **Recommendations** with practical solutions.

Governor Ehrlich's Task Force on Workforce Housing began its work in January of 2006, staffed by professional planners from the Maryland Department of Planning. Members represented local government officials, housing professionals, teachers, firefighters, law enforcement officers and the private sector. The decision to meet in different geographic areas of the State enabled the members to receive additional information from a number of citizens from diverse backgrounds and communities.

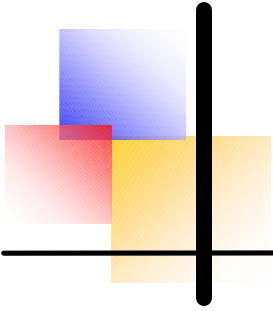
Task Force members held meetings to examine data and demographic information, to receive pertinent input, and to research bodies of work including the Department of Housing and Community Development's Commission on Housing Policy Report. Then, after very considered and productive discussions, the Task Force began to formulate its **Findings** and **Recommendations**. The **Recommendations** are designed, based on review of issues, to identify tasks and to direct actions. Some will build on existing work; some will break new ground.

The late James W. Rouse, Maryland's premier housing advocate, stated, "By building an image of the possible, we leap over roadblocks...we also generate a new constituency of people who want that image realized." I heartily endorse and commend to you this report as "an image of the possible" that must be realized if we are to maintain hometowns where we not only want to, but **can** live and raise our families. I am especially indebted to the Task Force members for their dedication and professional efforts. Their willingness to participate and contribute time and talent to this effort was extraordinary and the impetus for our success.

Sincerely yours,

Audrey E. Scott,
Secretary of Planning
Chairman,
Work Force Housing Task Force





Governor’s Task Force on Workforce Housing

Report

July 10, 2006

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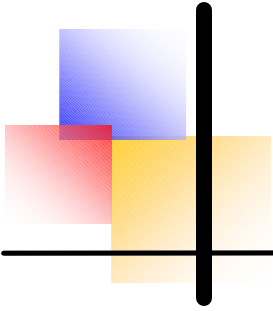
Executive Summary

The ability of working citizens, especially critical public servants such as nurses, teachers, police officers, and first responders in the State of Maryland to have access to reasonably priced housing is critically important to the health of our communities. Workers and their families, community groups, housing advocates and industry, the service sector, State and local government including the military, smart growth supporters, and environmentalists know that a staple of American society, home ownership, is becoming an increasingly difficult goal. The path to the front gate of the traditional single family home now is strewn with impediments and scarcity and marked by dollar signs. Of seminal concern is the increasing *inability* of Maryland's workforce to secure a home that is moderately priced, near work and school, and in a traditional community setting.

In 2005, Governor Robert L. Ehrlich, Jr. created the Task Force on Workforce Housing to address this concern. He designed the Task Force to research and analyze the workforce housing issue and provide him with recommendations. Comprised of members appointed by Governor Ehrlich and chaired by Maryland Department of Planning Secretary Audrey E. Scott, the Task Force met to develop those recommendations. The diversity of the members of the Task Force created a vibrant exchange of views, but produced unanimity in its recommendations in this Final Report of July 10, 2006.

Under Secretary Scott's leadership the Task Force members operated by consensus and established ground rules, chose meeting sites across the State, and listened to pertinent information from a select group of panels including:

- Comprehensive census statistics from the MDP Data Center;
- Development capacity;
- Statewide Comprehensive Planning;
- Local and State financing mechanisms;
- Federal/Fannie Mae financing;
- Local real estate information;



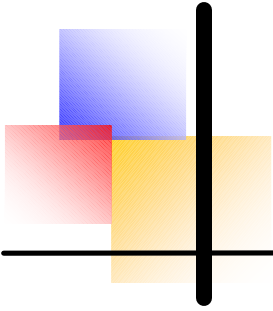
Executive Summary

- Workers' current housing situations; and,
- Local housing advocate projects.

At the outset, the Task Force had to agree upon the target population that it classified as needing workforce housing. The members eschewed identifying very specific job titles out of a desire not to exclude a relevant category of workers. Instead, it opted for an inclusive definition that reflected an income band of employees that are vital to a thriving community. The income band chosen was 80 to 120 percent of median income of the community in which the target group of employees work, which has the added benefit of varying across the State by county and community. A discussion of growth, effective land use, and development strikes at the heart of what defines communities and invites vigorous debate. From the presentations and discussions, key factors affecting the availability of workforce housing emerged, including:

- Land costs;
- Growing population;
- Infrastructure costs;
- Transportation issues;
- Neighborhood temerity;
- Adverse environmental impacts;
- Cultural conservation and design; and,
- The political environment.

Utilizing their own background knowledge and the information presented, the Task Force members have organized the recommendations into three broad categories: those recommendations that can be implemented by the State alone; those recommendations that require collaboration among State agencies, local government and concerned interest groups; and those proposals that require legislative action. The recommendations are as follows:



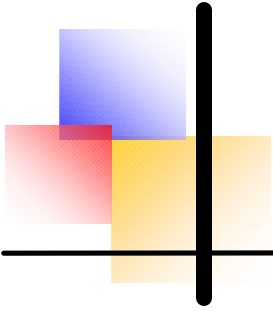
Executive Summary

STATE IMPLEMENTATION

- Help Workforce Homebuyers Live Near Their Work
 - Make State-Owned Land Available for Commercial Development in Exchange for - ----
- Construction of Workforce Housing
- Publicize and Promote Existing State and Federal Workforce Housing Programs
- Increase the Mass Transportation Network

COLLABORATIVE STRATEGIES

- Continue to Support the Private Sector in the Implementation of the Maryland Equity Fund
- Develop and Implement a Graduated Payment Mortgage Program
- Encourage Creation of Non-Profit Community Land Trusts (CLTs) to Acquire Land for Workforce Housing
- Increase Construction of Workforce Housing Through Infill and Redevelopment
- Develop New Employer Assisted Housing (EAH) Initiatives
- Promote Increased Density in Transit-Oriented Development (TOD) Areas
- Expedite the Permitting Process
- Develop a Model Ordinance
- Maintain Stock of Workforce Housing
- Create Density Variance Bonuses
- Encourage Consideration of Creative Housing Options



Executive Summary

LEGISLATIVE INITIATIVES

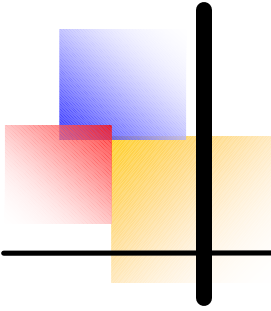
- Comprehensive Plan Updated Every Six Years
- Develop a Sweat Equity Program for Redevelopment of Vacant Homes
- Require County Development Capacity Analysis of Buildable Land
- Design State Tax Credit Program to Incent Homebuilders
- Reduce State and Local Transfer and Recordation Taxes

As a Marylander my entire life, and a member of the Real Estate Industry for over thirty years, I hope that our report will allow us to provide additional Workforce Housing throughout the State. It is important to me that our children and grandchildren will also have the opportunity to afford a home in Maryland where they will work, allowing them to enjoy the many opportunities of our great State.

The results from this diverse group working on these “Real Time Problems” will hopefully provide our Government and State Legislature with ideas that will allow them to come up with solutions to this problem facing our citizens of Maryland.

I would like to take a moment to personally thank Governor Ehrlich for allowing me to serve on the Task Force and express my ideas, as he is aware how passionate I am on the subject.”

*Howard Perlow, Executive Vice President
Residential Title & Escrow Company*



Background and Statement of Issues

A growing number of Marylanders who work full-time and earn moderate wages have difficulty finding a home they can afford. The rising cost of housing is a problem not only in affluent and metropolitan areas but elsewhere in the State as well. From 2000-2004, eighty-three percent, or twenty of Maryland's twenty-three local jurisdictions, many of them rural, saw substantial increases in median home prices. Last year alone, half of all single-family homes in Maryland sold for more than \$250,000. The 2005 median home price jumped seventeen percent – the fifth largest increase in the nation. According to Federal and industry guidelines, one-third of a family income should be spent on housing. In the more expensive communities in Maryland, \$250,000 will not purchase much more than a one-bedroom condominium. But, even using the statewide median income for a single family home and assuming a 7% interest-only mortgage, plus taxes and insurance, a family would need well in excess of \$60,000 in annual income to afford to buy a home. Many entry-level positions for vocations vital to communities simply do not pay such salaries. Even two-income families just starting out may find it hard to meet the financial demands of owning a home.

The high cost of housing has caused some people to live far from their jobs— Marylanders currently have the second longest commute time in the country at an average of nearly 30 minutes, with only New Yorkers having a longer commute. Others have had to move out of state or, regrettably, do not own a home at all. This is of great concern when home ownership is recognized as the single most influential contributor to quality of life and stable neighborhoods.

“...The Task Force has, in a short time, generated many fine ideas that need further study and refinement. This report represents an important start-point in developing a comprehensive tool-box that is available to communities, financial institutions, governments at all levels, and workers in critical public sector jobs to solve the challenges of providing workforce housing.”

*Col. Kenneth McCreedy, Installation Commander
Fort Meade*



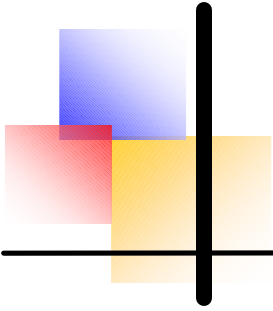
Background and Statement of Issues

Mean Travel Time to Work of Workers 16 Years and Over Who Did Not Work at Home (Minutes): 2004

Rank	State	Average	Lower Bound	Upper Bound
1	New York	30.6	30.3	30.9
2	Maryland	29.7	29.2	30.2
3	New Jersey	29.4	28.9	29.9
4	District of Columbia	28.0	27.3	28.7
5	Illinois	27.7	27.2	28.2
6	California	27.1	26.7	27.5
7	Georgia	26.8	25.9	27.7
8	Virginia	26.5	26.0	27.0
9	Massachusetts	26.4	26.0	26.8
10	Hawaii	25.8	24.5	27.1

*United States, Department of Commerce, Bureau of the Census,
2004 American Community Survey, Table R0801*

Maryland's desirable location, strong economy and job market will continue to draw newcomers, with the State expected to add over one million new residents by 2025. Despite attributes that draw families to the area, the housing market presents real challenges to many new or potential residents. From 2000-2004, the median home price in Maryland increased sixty-eight percent, while the median household income rose only nine percent. Workforce housing units now may be difficult or impossible to locate. Families of critical workers such as emergency responders, nurses and teachers usually have to live outside of the town or county where they work, shop, or attend religious or educational programs.



Background and Statement of Issues

A Major Challenge

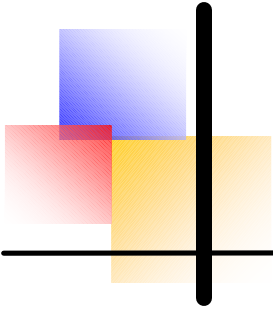
This trend has made home ownership a major challenge for a growing number of residents at the lower end of the middle-income range. Increasingly, the issue affects those people with full-time jobs whose work is vital to any community's day-to-day functioning – such as teachers, police, firefighters, hospital workers and others who respond first in an emergency.

“DHCD is committed to providing safe, clean, decent and affordable housing for all Marylanders. At the core of our mission, we strive to assist Maryland’s workforce, teachers, first responders (firefighters and police), young families, young professionals, and first-time homebuyers achieve the dream of homeownership. In the last three and one-half years, through Governor Ehrlich’s leadership, over 4,000 families (94% first-time homebuyers and over 50% minority homebuyers), have realized this dream, by receiving a low-interest mortgage and down payment assistance from the state. In addition, over 30,000 rental housing opportunities for seniors, families, individuals with disabilities and the homeless has been produced or preserved. The work of the Governor’s Workforce Housing Task Force provides a framework for ensuring that we will continue to provide quality rental housing and homeownership opportunities well into the future.”

*Victor Hoskins, Secretary
Maryland Department of Housing & Community Development (DHCD)*

Establishment of Workforce Housing Task Force

In 2005, by Executive Order 01.01.2005.42, Governor Robert L. Ehrlich, Jr., established and empowered the Workforce Housing Task Force to conduct a comprehensive analysis of this complex and compelling issue and, drawing upon the expertise of its members, to make recommendations to him to ease the problem. To guide the process of the Task Force and to engage fully the participation of members, the Maryland Department of Planning (MDP) secured a grant to hire an independent facilitator.



Background and Statement of Issues

Process

Governor Robert L. Ehrlich, Jr. appointed thirteen Marylanders to serve as members of the Task Force. He chose them for their expertise in matters of housing, for community awareness, and for familiarity with the problems facing Maryland's workforce. One liaison member was drawn from Maryland's active military community to advise the Task Force on potential housing impacts resulting from Maryland's very successful outcome in the Base Realignment and Closure (BRAC) process. Chaired by Secretary Audrey E. Scott, with staffing by professional planners from MDP, the Task Force possessed wide expertise, but with sensitivity to land-use needs in the context of promoting communities.

The focus of the Task Force was not on low-income or subsidized housing which is an important, but separate issue. This group instead tackled the difficult challenge of determining recommendations on how to provide moderately priced housing that would be in or very near the community in which the homeowner works. The process was designed to foster creativity, flexibility, and openness, and to explore realistic solutions including marketing and education, incentives, regulatory, financing options, changes to the development process, and housing advocacy.

"This Task Force has provided an opportunity for citizens, business and government leaders to work together in identifying ways to increase the availability of workforce housing options for all Marylanders. I applaud Governor Ehrlich and Secretary Scott for leading this bold first step in addressing the growing need for workforce housing in our communities."

*David R. Craig, County Executive
Harford County*



Background and Statement of Issues

The group convened on February 2, 2006 in Annapolis with a special welcome and Task Force charge by Governor Robert L. Ehrlich, Jr. The Task Force discussed its expectations and made a commitment of the time of the individual members to meet an ambitious charge and a tight deadline. They agreed to:

- At least six regular meetings;
- Meeting locations across the State to ensure that voices would be heard;
- Decision making by consensus;
- Working sessions as required; and,
- Final recommendations to the Governor by July 2006.

These commitments represented a substantial personal sacrifice of time and effort to the work of the Task Force, reflecting the personal dedication that all members had to the project.

“The importance of providing affordable workforce housing is at the core of every community. As a group we have collectively . . . investigated the issues and proposed program alternatives that should ease the process and render more attainable housing for teachers, fire fighters, police and nurses in proximity to where they work and so diligently serve our citizens.”

*Alan Ingraham, President
Maryland Association of Realtors*



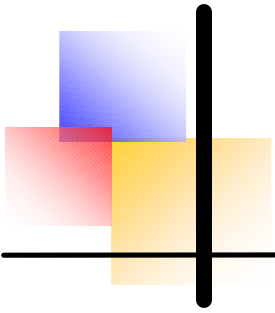
Background and Statement of Issues

Methodology/Procedure

MDP sought and obtained a grant from the Maryland Mediation and Conflict Resolution Office to hire a facilitator to help with the work of the Task Force. At the request of the Secretary, the group decided to meet in selected areas across the State. Staff provided a series of informational panels and presentations to educate the group so that its deliberations and recommendations would be well founded. Each meeting of the Task Force was open to the public with members' discussions occurring during the first segment followed by public opportunities for citizen input.

The Task Force members gauged the need for workforce housing by surveying supply and demand at the local level. To do that, they identified the affordability and income levels that make up the population to be targeted, the "workforce". These are expressed typically as a range in percentage of median income – for purposes of this report, those at 80-120 percent of median income in Maryland.

Several municipal and county governments across the State are testing a variety of techniques to provide more moderately priced workforce housing. MDP staff briefed Task Force members with selected information on many of these efforts. They determined that while some jurisdictions may have commissions, regulations or statutes in place, there is no current effort that provides a comprehensive search for recommendations and solutions. There have been locally generated efforts such as tying workforce-housing goals to zoning tools to meet demand. Some have simplified building codes and streamlined permitting processes for workforce housing. Some localities give those projects preferential treatment for competitive funding programs and reduce or eliminate impact fees that normally are levied on new homes to pay for infrastructure and public services. Others have focused specifically on redevelopment,



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revitalization, creative financing, infill targeting, special incentives or streamlined review to encourage adaptive reuse of historic buildings as workforce housing.

By promoting these approaches and others, the State ultimately hopes to encourage home ownership near places of work and to help residents build equity and financial security. For most Americans, home equity is the largest single source of household wealth. Additionally, home ownership supports other sectors of the economy through demand for household goods and services. Homeownership also encourages residents to realize a stake in their neighborhoods. This is a fundamental factor in maintaining Maryland's high quality of life. Ensuring the availability of housing affordable to nurses, firefighters and other moderate-income workers in the communities where they live also supports the Department of Planning's goal of promoting the well-planned growth and revitalization of existing communities.

"Participating on this Task Force has been a very enlightening experience. I am grateful to have some role in addressing workforce housing, which is a big challenge on the both the state and local level. What I have learned from other Task Force members will be a great value to address this issue in the City of Frederick."

*W. Jeff Holtzinger, Mayor
City of Frederick*

Initial Hypothesis

As a starting point, the Task Force acknowledged that in Maryland the imbalance between the income of the average worker and the cost of housing is growing and that the challenges of the availability of workforce housing are complicated. For the purposes of this analysis, the "workforce" is defined as citizens whose salaries range from 80 percent to 120 percent of the median income in the jurisdiction in which they work and hope to purchase a home. The hypothesis asserts that



Background and Statement of Issues

the workforce is typified by such workers as nurses, teachers, emergency responders and law enforcement staff. Members also decided that their analysis would include workforce housing as ownership, would consider previous bodies of work and would formulate its final recommendations in a constructive tone

Data Collection and Presentation:

While the Task Force members have considerable background knowledge of housing and community issues, there was a need to present specific data and statistical information. The Task Force entertained presentations on:

- Census and demographic data from MDP Data Center;
- Development Capacity Analysis;
- State wide Comprehensive Planning;
- Local and State funding mechanisms;
- Federal/Fannie Mae financing;
- Local real estate information;
- Workers' current housing situations; and,
- Local housing advocacy.





Background and Statement of Issues

The chart below illustrates the type of data available to Task Force members.

REGION and COUNTY	Household Income 2004		
	*100% of Median Income	**80% of Median Income	**120% of Median Income
Anne Arundel County	\$73,150.00	\$58,520.00	\$87,780.00
Baltimore County	\$57,650.00	\$46,120.00	\$69,180.00
Carroll County	\$72,750.00	\$58,200.00	\$87,300.00
Harford County	\$68,150.00	\$54,520.00	\$81,780.00
Howard County	\$84,200.00	\$67,360.00	\$101,040.00
Baltimore City	\$34,400.00	\$27,520.00	\$41,280.00
Frederick County	\$73,500.00	\$58,800.00	\$88,200.00
Montgomery County	\$80,000.00	\$64,000.00	\$96,000.00
Prince George's County	\$66,750.00	\$53,400.00	\$80,100.00
SOUTHERN MARYLAND REGION	\$71,950.00	\$57,560.00	\$86,340.00
Calvert County	\$79,600.00	\$63,680.00	\$95,520.00
Charles County	\$74,000.00	\$59,200.00	\$88,800.00
St. Mary's County	\$60,550.00	\$48,440.00	\$72,660.00
Allegany County	\$36,450.00	\$29,160.00	\$43,740.00
Garrett County	\$37,050.00	\$29,640.00	\$44,460.00
Washington County	\$47,050.00	\$37,640.00	\$56,460.00
UPPER EASTERN SHORE REGION	\$56,200.00	\$44,960.00	\$67,440.00
Caroline County	\$43,550.00	\$34,840.00	\$52,260.00
Cecil County	\$58,050.00	\$46,440.00	\$69,660.00
Kent County	\$45,250.00	\$36,200.00	\$54,300.00
Queen Anne's County	\$66,800.00	\$53,440.00	\$80,160.00
Talbot County	\$49,400.00	\$39,520.00	\$59,280.00
LOWER EASTERN SHORE REGION	\$44,400.00	\$35,520.00	\$53,280.00
Dorchester County	\$39,200.00	\$31,360.00	\$47,040.00
Somerset County	\$34,100.00	\$27,280.00	\$40,920.00
Wicomico County	\$44,100.00	\$35,280.00	\$52,920.00
Worcester County	\$47,750.00	\$38,200.00	\$57,300.00

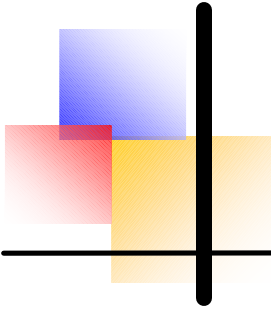
*Source: U.S. Census Bureau, 1989 & 1999, and the Maryland Department of Planning, Planning Data Services, May 2005, Website: http://www.mdp.state.md.us/msdc/HH_Income/HHMedianInc_2004_all.xls. For a complete explanation of how the Maryland Department of Planning Data was derived please see: http://www.mdp.state.md.us/msdc/HH_income/Revisions_2004.pdf. Following the Census convention, income is estimated for the prior year of the household estimate. The 2004 income estimates in this table corresponds with the number of households in 2005.
 ** Estimated as a percentage of the median.



Findings

Through its investigation, the Task Force identified facts and circumstances that have bearing on the lack of adequate workforce housing. Task Force members believe that their findings inform their recommendations to improve the availability of workforce housing. Specifically, the Task Force found:

- Members of the workforce should be able to live in proximity to their work. This would benefit both members of the workforce by increasing their quality of life through reduced commuting time and would build stronger community affinity by allowing the workforce members to contribute effectively and directly to their community.
- The lack of moderately priced and accessible housing affects a broad cross section of government, the business community and working class citizens. Smart growth advocates, environmental organizations, realtors, homebuilders and state and local government all have an interest in finding solutions to providing more workforce housing. This broad base brings a variety of viewpoints that are critical and helpful in the process of reaching consensus and acceptable workable solutions.
- Driven by economic and population growth, Maryland's future workforce will stress the existing housing supply. Inevitably, the demand for workforce housing will rise, but the foreseeable supply of available housing will not be able to keep pace. Well-devised workforce housing strategies *now* are necessary to plan for this eventuality in the future.
- The scarcity of available land has had the largest direct impact on the increased cost of housing in the region and may limit the opportunities to provide workforce housing.
- There is great potential for increasing workforce housing through the redevelopment of vacant homes or commercial properties. However, many of these properties are not identified in local land use planning as available buildable land because they may not have been counted or are not appropriately zoned.



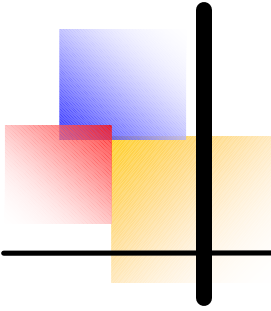
Findings

- The lack of funding for infrastructure and rising construction costs will continue to drive the cost of providing workforce housing higher.
- There is an increasing need to continue to strengthen Maryland's mass transportation system to reduce long commuting time and gridlock. Development of public transportation provides an opportunity to increase workforce housing through a focus on transit-oriented development (TOD) and mixed use development.

“The BRAC process requires state and local officials to rethink how we build communities. The Maryland Department of Transportation is committed to providing roads and transit services as efficiently as possible to accommodate the growth in military housing we can expect.”

*Robert Flanagan, Secretary
Maryland Department of Transportation*

- The extent of the problem of workforce housing varies from region to region and cannot be solved by the State acting alone. Coordinated efforts with the most affected localities are a precondition to a successful workforce housing strategy.
- Federal workforce variation and policies significantly affect housing dynamics in Maryland. For example, due to the successful efforts of State and local officials, Maryland received very positive results from the recent federal Base Realignment and Closure (“BRAC”) process. As a result, the state now faces significant additional housing needs in the next 3-6 years.
- In the past few years, Maryland has successfully engaged in an aggressive campaign to bring new jobs to the State. However, this campaign has not been linked to an equally aggressive strategy to supply housing for those workers. Better workforce housing options will increase the attractiveness for business relocation to Maryland.
- Potential workforce housing strategies are influenced by the local political environment, neighborhood resistance and local design and planning policies. Collaboration between



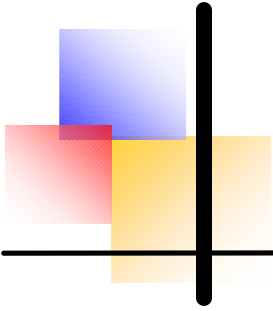
Findings

MDP and localities in early planning efforts can lead to positive outcomes by permitting the exchange of successful techniques and evaluation of opportunities to advance increases in workforce housing units.

- Local land use and building permitting processes may be an obstacle to the construction of workforce housing. Reducing the time between identification of a developable lot and the completion of construction would increase the affordability of housing.
- During the course of its work, the Task Force considered Inclusionary Zoning as one means of addressing the need for workforce housing. The Task Force found that, while it is one approach to consider, determining whether it is adaptable to workforce housing issues is more appropriately addressed by local government.
- An array of programs intended to assist workforce homebuyers already exist. Better promotion of and education on existing programs will be of substantial value to workforce homebuyers.
- Some members of the workforce identified high monthly mortgage costs as a greater barrier to homeownership than down payment requirements. Creative programs that reduce monthly costs would be extremely beneficial to many workforce homebuyers.
- The ever-present debate surrounding balanced growth makes the provision for workforce housing challenging. In doing its work, the Task Force appreciated and welcomed a variety of viewpoints.

“This taskforce has generated some very good and creative ideas that would reduce, if enacted, the price of homes for Maryland workers. However, I cannot help but look at this issue from the perspective of a teacher, and the cost of homes has increased to a level where teachers who do not already own a home cannot afford to buy one. Teacher salaries are good, but the underlying problem is that they are not keeping up with rising home values or the fact that we are the third wealthiest state. As new teachers are hired each year, they are increasingly unable to afford their own homes. Ultimately, it is my hope that the recommendations of this taskforce will begin to make it easier for teachers and the overall Maryland workforce to own homes in a difficult housing market.”

*Aaron Robinson, Teacher
North Carroll High School*



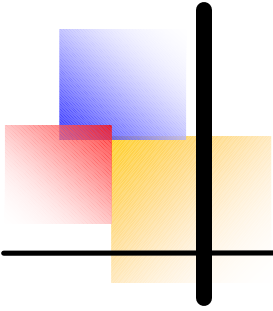
Recommendations

For most Americans, home equity is the largest single source of household wealth, and home ownership for the workforce supports other sectors of the economy through demand for household goods and services. Homeownership also encourages residents to take a stake in their communities, which is a fundamental factor in maintaining stable communities and sustaining Maryland's high quality of life. Helping to ensure the availability of housing accessible to teachers, nurses, firefighters, and law enforcement workers in the communities where they work also supports the overall goal of promoting the growth and revitalization of existing communities.

The Task Force explored a full range of creative solutions to address the shortage of available workforce housing, the need for financial assistance for workforce homebuyers, and the lack of knowledge among workforce families regarding existing programs. As a result, the members reviewed and considered economic, regulatory, legislative (local, state, federal), and educational and marketing possibilities.

"It has been an honor to serve on a taskforce to help solve such a crucial issue throughout the Baltimore Washington area."

*Chris Rachuba
The Rachuba Group*



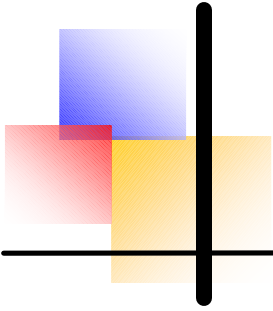
Recommendations

The *Recommendations* in this report have been organized into three categories: those that can be implemented by the State; those that involve collaboration among State agencies, local government, and concerned interest groups; and those that require legislative action.

A chart setting forth implementation application as well as designating the entities responsible for overseeing implementation of each recommendation has been included in this Report.

“The Ehrlich Administration is to be congratulated for identifying the urgent human and economic need for workforce housing. Many of the State’s citizens face a critical shortage of available housing. Increasing demand for housing is fueled by job growth and population increases. Diminishing supply of zoned land is exacerbated by increased regulatory and construction costs and lack of local jurisdictions planning for future housing. These dynamics have led to significantly higher housing costs. Maryland needs to take action to address an adequate supply of workforce housing, or possibly face the real prospect of economic stagnation or decline if current planning policies continue to push valued workforce members out of the communities where they work for lack of housing opportunity. Over the next decade, Maryland has an unparalleled opportunity to capitalize upon its tradition of economic stability for all of its citizens if we adopt sound planning policies to ensure availability of land best suited for housing.”

*Nanci J. Porten, CEO
Porten Homes*



Recommendations

STATE IMPLEMENTATION

1. Help Workforce Homebuyers Live Near Their Work

Encourage and market existing State assistance programs (More House 4 Less, Down payment Settlement Expense Loan Program (DSELP), House Keys 4 Employees and Maryland Mortgage Program (MMP Plus)) to workforce individuals and families, in conjunction with any primary residence purchase within a 20-minute drive of their place of employment. Note: This would pertain not only to purchases by first-time homebuyers but also to all home purchases as outlined above.

2. Make State-Owned Land Available for Commercial Development in Exchange for Construction of Workforce Housing

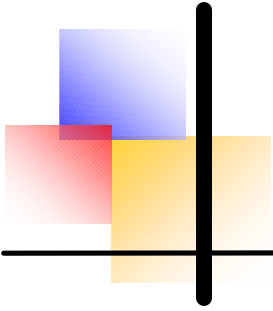
Develop a streamlined and expedited process that allows developers to buy State-owned property appropriate for commercial development (such as highway front parcels) in exchange for building workforce housing in an appropriate residential location. Work with The Maryland Department of General Services (DGS) to include workforce housing as an important development criteria when disposing of State-owned land. Work with The Maryland Department of Transportation (MDOT) to improve its existing divesture program regarding property holdings that are no longer needed for highway and other transportation purposes to target workforce-housing initiatives. Greenfield properties are not considered appropriate for this initiative.



Recommendations

3. Publicize and Promote Existing State and Federal Workforce Housing Programs

- a) **Continue to work with representatives of teachers, fire fighters, police, and nurses organizations** to develop educational outreach efforts that will inform them of programs available to their members to secure workforce housing. Similarly, provide employers of these workers with program information that can serve as incentives to bring workers to Maryland.
- b) **Create a web-based resource for workforce-housing buyers, where pertinent local, state and federal programs' web links, can be centralized.** DHCD should coordinate with the Maryland Association of Realtors on the development of a searchable website that would allow citizens to identify housing opportunities for which they qualify. Encourage the groups mentioned in (a) above to include links to this resource on their websites. (*see* preliminary Inventory of Existing Programs in Appendix)
- c) **Continue to host educational real estate sessions.** The State, in partnership with other stakeholders, should host educational real estate sessions that present existing workforce housing program information.
- d) **Continue to host statewide housing counseling sessions** and provide homebuyers, community organizations and non-profit entities with updates on new programs.
- e) **Continue to advertise existing State programs** such as the More House 4 Less Program (Maryland Mortgage Program) and House Keys 4 Employees Program (down payment assistance and employer assistance matching program) designed to provide the additional resources needed to assist with gap financing.



Recommendations

4. Increase the Mass Transportation Network

Accessible transit is related directly to the development of workforce housing. Increased availability of mass transportation provides a greater choice of housing locations for the workforce and greater access to their jobs. Good mass transit options help members of the workforce reduce their commuting time and results in financial savings.

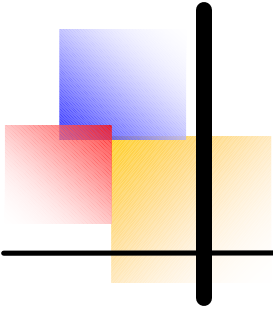
“With the median home price sharply increasing and 1 million additional Marylanders expected in the next 25 years, it is imperative that we act now to address the needs of all working Marylanders. It is especially critical that we identify solutions to provide affordable housing for our police, firefighters, teachers and nurses, who truly are the foundation of Maryland’s workforce community.”

*Aris Melissaratos, Secretary
Maryland Department of Business & Economic Development (DBED)*

COLLABORATIVE STRATEGIES

1. Continue to Support the Private Sector in the Implementation of the Maryland Equity Fund

This fund would provide needed capital to invest in the development of workforce housing projects. The development of the Maryland Equity Fund was originally recommended in the Governor’s Commission on Housing Policy Report in December 2004.



Recommendations

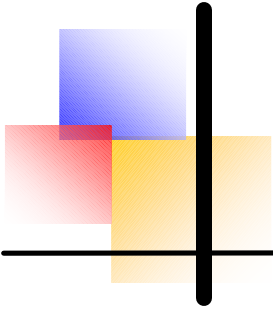
2. Develop and Implement a Graduated Payment Mortgage Program

Develop and implement a Graduated Payment Mortgage (GPM) program for workforce homebuyers. This program would allow borrowers to pay a lower initial mortgage payment that would rise gradually over the first three years of the mortgage. The interest rate might be three percentage points lower the first year, two points less the second year, and after the third year and for the duration of the loan term the rate would be fixed. Note: This program could also contain an interest-only option for the first two years for credit-worthy borrowers.

<u>Example</u> : Current 30 year Fixed Rate	6.75%
Year one in G.P.M. program	4.75% rate
Year two in G.P.M. program	5.75% rate
Year three & remainder of term	6.75% rate

3. Encourage Creation of Non-Profit Community Land Trusts (CLTs) to Acquire Land for Workforce Housing

Support the creation of non-profit Community Land Trusts for the purpose of developing workforce housing. Community Land Trusts acquire parcels of land upon which workforce housing units are built and then conveyed to homebuyers through long-term ground leases. The CLT retains the option to repurchase the homes based on a formula set in the ground lease if the owner decides to sell. By retaining ownership of the land on which the housing is built, the CLT will reduce the cost to the buyer and help maintain an inventory of workforce housing.



Recommendations

4. Increase Construction of Workforce Housing Through Infill and Redevelopment

Work with local jurisdictions and counties to identify appropriate parcels, excluding greenfields, for infill development and redevelopment of property for workforce housing. Where the size of a parcel allows, encourage increased density allowance to maximize the development of workforce units. Encourage the consideration of commercial property that could be redeveloped for mixed use.

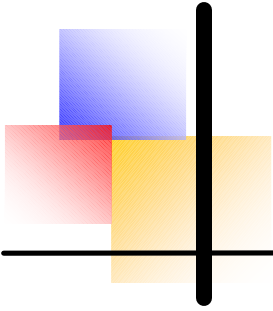
5. Develop New Employer Assisted Housing Initiatives

Develop new initiatives to encourage Employer Assisted Housing (EAH) that compliment existing programs such as DHCD's House Keys 4 Employees. This program provides a matching contribution toward down payment and closing costs from participating employers that is over and above what is available through the standard down payment and closing cost assistance programs.

6. Promote Increased Density in Transit-Oriented Development (TOD) Areas

Encourage higher density allowances in transportation areas (transit-oriented development areas)¹ in comprehensive plans and work with local communities to encourage them to support these areas. MDP and MDOT should partner with localities to suggest strategies to reduce the regulatory burden on land use. More efficient and consistent regulatory obligations will promote Transit Oriented Development thereby fostering increased workforce housing. Working with local government, MDOT and MDP can select station areas, especially in communities affected by higher than normal property values, to address significant workforce housing challenges in a more efficient and effective manner.

¹ Transit-Oriented Development areas would be defined by each locality.



Recommendations

7. Expedite the Permitting Process

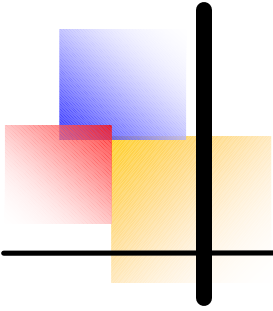
Work with the municipalities/counties to review ways to expedite and/or simplify the permitting process for workforce housing through means such as setting a guaranteed approval period (i.e., 180 days). This would reduce the costs to builders and thereby encourage them to become involved in the workforce housing market.

8. Develop a Model Ordinance

Partner with municipalities, counties and other interested groups to develop guidelines or a model ordinance that would support development of workforce housing. Possible provisions include: State incentives for local governments utilizing the ordinance; permitting process review; clarification of definitions; and, other strategies to promote workforce housing. (See Sample Model Ordinance in Appendix)

9. Maintain Stock of Workforce Housing

In order to maintain a long-term inventory of workforce housing, local jurisdictions should adopt legislation that provides for a defined Workforce Housing Program. Given the use of tax incentives and waivers and/or reductions in fees, these properties should be retained in the Workforce Housing Program for a specified control period. All properties in the program should be subjected to a standard covenant (recorded as a lien on the property) that is managed by the jurisdiction. Properties under this designation could not be resold for their full appreciated market value within a determined control period (5-10 years). The designation should include provisions for allowable appreciation, maintaining the buyer's ability to improve/maintain the property, and property tax rates based on the allowable sale value rather than the assessed value.



Recommendations

10. Create Density Variance Bonuses

Each jurisdiction should consider a provision in its code to allow for a density bonus in exchange for building workforce housing. The density bonus should provide for an increase in yield in an amount adequate to provide incentive for a land owner/developer to consider building homes under the workforce housing program.

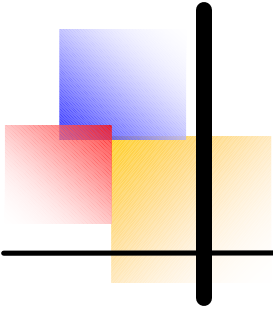
11. Encourage Consideration of Creative Housing Options

In order to address rising costs, encourage local jurisdictions to consider all types of housing, including manufactured housing, and to provide flexible zoning ordinances, that accommodate multiple options.

LEGISLATIVE INITIATIVES

1. Comprehensive Plan Updates Every Six Years

Maintaining up-to-date comprehensive plans is a critical element in the support and enhancement of workforce housing. These plans help identify parcels of land available for development of workforce housing units and provide for zoning that encourages its development. Being in compliance as mandated, comprehensive plans that include a thorough housing element will help the marketplace meet the demand for workforce housing. To encourage compliance, jurisdictions that do not complete or review their comprehensive plans in a timely manner could incur sanctions similar to those that apply for failing to comply with obligations pursuant to priority funding areas (PFAs).



Recommendations

2. Develop a Sweat Equity Program for Redevelopment of Vacant Homes

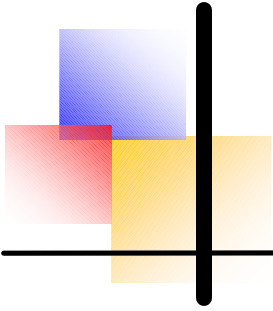
Encourage the enactment of legislation that would permit local governments to acquire abandoned properties or soon-to-be-abandoned properties rapidly for resale to individuals who agree to repair and live in the properties. Soon-to-be abandoned properties may be defined as those where the owner stopped paying property taxes and/or ceased maintenance for a certain period of time. These properties should be retained in the appropriate jurisdiction's Workforce Housing Program (see recommendation #9 under Collaborative Strategies) and be subject to the corresponding control period.

3. Require County Analysis of Buildable Land

As part of their comprehensive planning, municipalities are required (by HB 1141) to undertake an analysis of their buildable land and to make projections for future housing needs as well as identifying the location of that housing. Counties also should undertake a similar analysis to make the entire effort more effective. The disparate requirements between municipalities and counties should be reconciled so that counties include a workforce housing element in their comprehensive plans as well.

4. Design State Tax Credit Program to Incentivize Homebuilders

Develop legislation that provides incentives for builders such as tax credits on their profits to encourage them to build and redevelop housing for workforce families. The legislation should include a formula for how the tax credits would be applied.



Recommendations

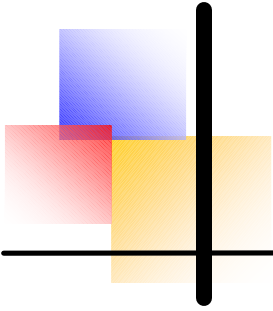
5. Reduce State and Local Transfer and Recordation Taxes

Reduce State and local Transfer Taxes and Recordation Taxes for workforce homebuyers by allowing buyers to:

- 1) take advantage of the first-time buyer tax credit even if they are not first-time buyers, provided they move into the county/community in which they work; and,
- 2) provide a graduated payment plan to pay the balance of the State transfer tax due after the tax credit. The repayment could be stretched over three to five years. There would be no loss of tax revenue because all applicable transfer and recordation taxes would be paid and therefore this is revenue neutral.

“The opportunity to chair Governor Ehrlich's Task Force on Work Force Housing has been a deeply personal and richly rewarding experience. As a former teacher and the mother of a firefighter, I know firsthand the extent of the crisis. As a former mayor, I appreciate the need for homeownership as a stabilizing factor in our communities and the necessity for teachers and first responders to live in the communities where they work as a quality of life consideration. Focusing on the critical need for workforce housing is long overdue and an important aspect of land use and growth management. Thanks to Governor Ehrlich's recognition of this issue, this Task Force was launched, and its members have accepted his challenge and identified practical solutions to the problem.”

*Audrey E. Scott, Secretary
Maryland Department of Planning*



Implementation

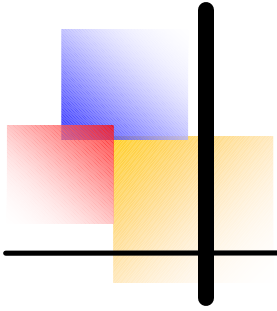
Governor's Task Force on Workforce Housing (WFH) Chart of Recommendations

	Recommendation	Tasking	Implementation/Application
State Implementation			
1	Help Workforce Buyer Live Near Work	DHCD	Continue to market programs
2	Make State-owned Land Available for Commercial Dev	MDOT, DGS	Appropriate agencies to look into this effort
3	Publicize/Promote Programs	All	Each entity as applicable
a.	Continue working w/ organizations w/WFH constituencies	All	Especially noting professional orgs by example Md. Nurses Assoc.
b.	Create web-based resource	MAR, DHCD	These groups have committed to working together on this website
c.	Continue to host educational events	State	In partnership with other stakeholders
d.	Continue to host WFH counseling sessions	DHCD, non-profits	Need for marketing
e.	Continue to advertise existing programs	All; DHCD	Use creative/electronic media
4	Increase Mass Transit Network	State and local gov'ts	A long term effort with many partners at state and local levels
Collaborative Strategies			
1	Continue Support of Private Sector Implementing MD Equity Fund	DHCD and private sector	Need for close collaboration
2	Develop/Implement Graduated Payment Mortgage Program	Private sector	Review prior graduated payment mortgage programs
3	Encourage Creation of CLTs	Private sector	Seek information and partnerships in private sector



Implementation

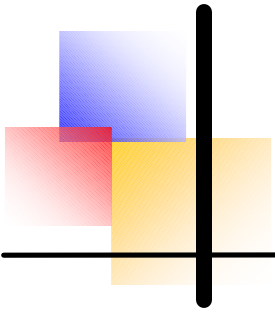
	Recommendation	Tasking	Implementation/Application
Collaborative Strategies			
4	Increase WFH Construction By Infill and Redevelopment	MDP Local jurisdictions	Development Capacity Analysis project will be useful
5	Develop new EAH Initiatives	DHCD, private sector companies	State to work with appropriate employers
6	Promote Increased Density in TODs	MDP, MDOT	State TOD project
7	Expedite Permitting Process	Local jurisdictions	Should review existing MDP technical assistance
8	Develop Model Ordinance	Local jurisdictions	Collaborate with MDP
9	Maintain Stock of WFH by Limiting Resale	Local governments	Review efforts in other states
10	Create Density Variance Bonuses	Local governments	As above, MDP assistance
11	Encourage Creative Housing Options	Local jurisdictions	As above; work with DHCD
Legislative Initiatives			
1	Comp Plan Compliance	MDP; local governments	MDP currently reviewing comp plan process
2	Develop a Sweat Equity Program for Redevelopment of Vacant Homes	Local jurisdictions	In conjunction with citizen/housing groups
3	Design State Tax Program as Homebuilders Incentive	DHCD; MD General Assembly	DHCD expertise and assistance to be applied to this recommendation
4	Reduce State/Local Transfer/Recordation Taxes	Md General Assembly; local governments	This will require careful assessments
5	Require County Analysis of Buildable Land	MDP	May require legislation



Appendices

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Executive Order

EXECUTIVE ORDER

01.01.2005.42

Governor's Task Force on Workforce Housing

WHEREAS, Recent trends in housing costs have made it difficult for first responders, police, firefighters, teachers, and nurses to live in our communities;

WHEREAS, Maryland ranks second nationally in commuting times, causing significant deterioration to the quality of life for its citizens who must share increasingly crowded roadways and spend more time away from their families;

WHEREAS, More than 1 million new Marylanders are expected in the next 25 years;

WHEREAS, From 2000 to 2004, the median home price in Maryland increased 68 percent, to \$266,723, while the median household income rose only 9 percent, to \$61,350;

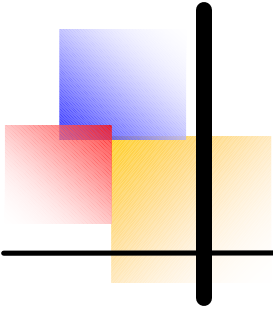
WHEREAS, Sound land use planning policies and planned growth activities contribute to housing supply and demand issues across the State;

WHEREAS, The Governor's Commission on Housing Policy laid the groundwork in addressing the complex and important issues of affordable housing and community revitalization

WHEREAS, There is a need to act on the recommendations of the Governor's Commission on Housing Policy by identifying positive solutions to the issue of workforce housing, separate and apart from the issue of affordable housing; and

WHEREAS, The Administration finds it imperative that key stakeholders study workforce housing issues and recommend options for addressing these issues.

NOW THEREFORE, I, ROBERT L. EHRLICH, JR., GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND LAWS OF MARYLAND PROCLAIM THE FOLLOWING EXECUTIVE ORDER, EFFECTIVE IMMEDIATELY:



Executive Order

Established. There is a Governor's Task Force on Workforce Housing.

Membership:

- (1) The Task Force shall be composed of up to thirteen members, including:
 - (a) The Secretary of Planning, who shall serve as Chair of the Task Force;
 - (b) The Secretary of Housing and Community Development, or designee
 - (c) The Secretary of Business and Economic Development, or designee;
 - (d) The Secretary of Transportation; or designee;
 - (e) Up to nine members appointed by the Secretary of Planning with approval of the Governor. Members appointed by the Secretary may include individuals representing the housing, real estate and land development industry, the environmental and growth planning community, employers and employees, county and local government officials and other organizations with interest or expertise in workforce housing. In selecting employee representatives, priority consideration shall be given to essential services employees such as first responders, teachers, nurses and similar professionals.

(2) Members of the Task Force serve at the pleasure of the Secretary of Planning until the submission of a final report by the Task Force.

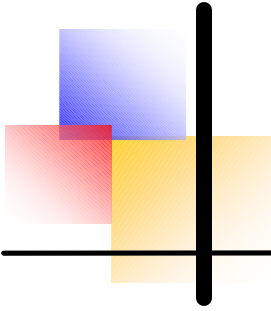
(3) Members of the Task Force may not receive any compensation for their services, but may be reimbursed for reasonable expenses incurred in the performance of duties, in accordance with the Standard State Travel Regulations, and as provided in the State budget.

C. Staffing. The Task Force shall be staffed by the Maryland Department of Planning, with assistance and support provided as necessary by other appropriate State agencies.

D. Duties. The Task Force shall complete a Workforce Housing Study.

The Workforce Housing Study shall:

Review the findings and recommendations of the Governor's Commission on Housing Policy;



Executive Order

Define the parameters of workforce housing;

- (c) Estimate current and projected supply and demand of workforce housing units and the geographic diversity of the supply;
- (d) Evaluate market-based workforce housing best practices from Maryland and other states;
- (e) Recognize local government planning issues and be generally cognizant of their land use planning policies; and
- (f) Recommend options for addressing workforce housing issues and provide technical assistance for local jurisdictions.

E. Procedures.

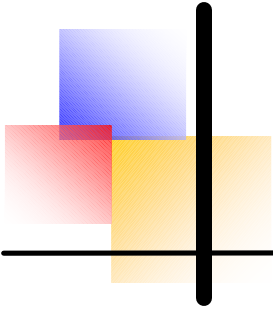
- (1) A majority of the Task Force shall constitute a quorum for the transaction of any business and may adopt such other procedures necessary to ensure the orderly transaction of business.
- (2) The Task Force may hold meetings around the State to receive public testimony on local workforce housing and the effectiveness of current policies and programs.

F. Reports. The Task Force shall submit a final report of the Study to the Governor on July 1, 2006.

GIVEN Under My Hand and the Great Seal of the State of Maryland, in the City of Annapolis,



this 18th day of October 2005.



Task Force Composition

Ex-Officio Members:

Secretary of Department of Planning, Audrey E. Scott (Task Force Chairman)
Secretary of Department of Housing and Community Development, Victor L. Hoskins
Secretary of Department of Business and Economic Development, Aris Melissaratos
Secretary of Department of Transportation, Robert L. Flanagan

Members Appointed by Secretary of Planning with Approval of Governor:

Honorable David R. Craig, Harford County Executive

Honorable William J. (Jeff) Holtzinger, Mayor of Frederick

Aaron G. Robinson, North Carroll High School

John E. Rogers, IV, Master Police Officer, City of Greenbelt

Nanci Jo Porten, Chairman, Porten Homes

Christopher L. Rachuba, The Rachuba Group

Alan R. Ingraham – President, Maryland Association of Realtors

Colonel Kenneth O. McCreedy – United States Army, Fort Meade
Installation Commander

Howard L. Perlow, Executive VP, Residential Title & Escrow Company

Staff:

Ruth B. Mascari, AICP, Maryland Department of Planning, Project Manager

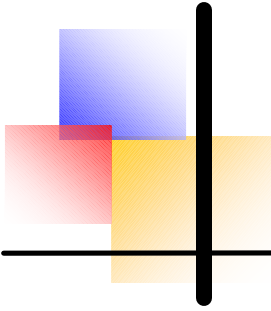
Arabia Matthews-Davis, Maryland Department of Planning

Carlita Lindsey, Maryland Department of Planning

Douglas Burkhardt, Maryland Department of Planning

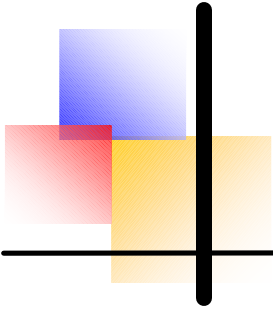
John Bickerman, Facilitator

Molly DeMaret-Tahu, Facilitator



Meetings – Schedule & Sample Agenda

<p><u>Orientation Meeting: February 8, 2006</u> Governor's Reception Room State House Annapolis, Maryland 2:00PM – 4:00PM</p>
<p><u>First Meeting: March 2, 2006</u> De la plaine Visual Arts Center Frederick, Maryland 1:00PM – 3:30PM 4:00PM – 6:00PM (Public Session)</p>
<p><u>Second Meeting: March 22, 2006</u> Community College of Dundalk 7200 Sollers Point Road Dundalk, Maryland March 2, 2006 1:00PM – 3:30PM 4:00PM – 6:00PM (Public Session)</p>
<p><u>Third Meeting: April 6, 2006</u> Battelle Eastern Science and Technology Center 1204 Technology Drive Aberdeen, Maryland 1:00PM – 3:30PM 4:00PM – 6:00PM (Public Session)</p>
<p><u>Fourth Meeting: April 25, 2006</u> Caroline County Library 100 Market Street Denton, Maryland 1:00PM – 3:30PM 4:00PM – 6:00PM (Public Session)</p>
<p><u>Fifth Meeting: May 25, 2006</u> Bethesda Chevy Chase Regional Service Center 4805 Edgemoor Lane, Room A Bethesda, Maryland 1:00PM – 3:30PM 4:00PM – 6:00PM (Public Session)</p>
<p><u>Sixth Meeting: June 13, 2006</u> Maryland Department of Planning's Annapolis Office - Jeffrey Building 16 Francis Street, 4th Floor Annapolis, Maryland 1:00PM – 3:30PM 4:00PM – 6:00PM (Public Session)</p>



Meetings – Schedule and Sample Agenda

- I. Welcome
Secretary Audrey E. Scott (Task Force Chair)
Maryland Department of Planning
- II. Remarks
Secretary Scott
- III. Comments from Cabinet Representatives
Cabinet Secretaries/Designees
- IV. Facilitator Comments/Procedure
Molly DeMaret-Tahu
- V. Background Information
Ruth B. Mascari, AICP
- VI. Citizen Comments/Question
Facilitator
- VII. Closing Remarks
Secretary Scott



Meetings – Ground Rules

1. Monitor your air time
2. Listen to others
3. All work is draft until Final Report issued
4. No attribution
5. Speak for yourself
6. Turn off all cell phones and pagers
7. Task Force member discussion only until 4:00pm





Preliminary Inventory of Workforce Housing Assistance Programs

Please note that this is not a comprehensive list of all available programs. Other programs are being added as information is gathered.

State of Maryland Programs

Program Name: More House 4 Less (CDA Loan)

Agency: Maryland Department of Housing and Community Development

Description: The More House 4 Less or the Maryland Mortgage Program (MMP) is a revenue bond funded program that provides low-interest mortgage loans to eligible homebuyers with low- to moderate-incomes through a network of private lending institutions throughout the State. MMP began is targeted primarily to first-time homebuyers. Recently, CDA added more loan products, offering a range of interest rates and loan terms. CDA rates are fixed but have a variety of terms available to the borrower, (30-yr fixed rate mortgage loan, 40-yr fixed rate with no minimum borrower contributions, and 35-yr fixed rate mortgage loan with interest-only payments for the first five years). Loans financed with proceeds of the bonds are insured by FHA, VA, RHS and private mortgage insurers.

Qualifications:

1. Eligible houses include townhouses, detached or semi-detached homes, and condominium units.
2. Borrowers purchasing in Targeted Areas, do not have to be first-time homebuyers. However, borrowers purchasing in an area that is not designated as “Targeted” must meet the definition of a first-time homebuyer.
3. Borrowers must be occupants in the house.
4. CDA requires that all borrowers receive homebuyer education by attending Homebuyer Workshops.
5. As of March 2006, income limits range from \$75,900/year to \$126,420/year, depending on jurisdiction and number of people in household and maximum acquisition prices range from \$226,625 to \$525,091, depending on type of construction (new or existing) and jurisdiction.

Website: http://www.dhcd.state.md.us/Website/programs/cdammp/intro_flash.html

Program Name: House Keys 4 Employees

Agency: Maryland Department of Housing and Community Development

Description: DHCD will match contributions dollar-for-dollar, up to \$5,000, toward down payment and closing costs. The employer’s contribution may be combined with assistance from local jurisdictions, unions and/or nonprofit agencies; however, the House Keys 4 Employees match will not exceed \$5,000. The match is in the form of a 0% deferred loan that is repayable at the time of payoff or refinance, or upon the sale or transfer of the house. This assistance is over and above what is available through the standard down payment and closing cost assistance programs.

Qualifications:

1. Any borrower who receives a contribution for down payment and/or closing cost assistance from an employer, local government, union, or nonprofit agency and meets the eligibility criteria under the Maryland Mortgage Program (MMP) may participate in House Keys 4 Employees.

Website: <http://www.dhcd.state.md.us/Website/programs/cdammp/hk4e.html>



Preliminary Inventory of Workforce Housing Assistance Programs

Program Name: Maryland Home Financing Program – Settlement Expense (MHFP-DSELP)

Agency: Maryland Department of Housing and Community Development

Description: Used in conjunction with the Maryland Mortgage Program (MMP), offers 0% deferred loans of up to \$5,000 for down payment and settlement costs to low- and moderate- income homebuyers. DSELP is a Down payment and Settlement Expense Loan Program. DSELP can cover settlement expenses above a borrower's minimum equity capital contribution on first mortgage loans and can be combined with other settlement expense assistance programs.

Qualifications:

1. Individuals or families who are approved to purchase a home using a CDA first mortgage loan can apply for a DSELP.

Website: <http://www.dhcd.state.md.us/Website/programs/cdammp/da01.html#11>

Program Name: MMP PLUS

Agency: Maryland Department of Housing and Community Development

Description: This program is a premium priced first mortgage program that offers a first mortgage (at a slightly higher interest rate) that provides borrowers with a 2% closing cost assistance grant.

Qualifications: Same as the requirements for a CDA Loan (see More House 4 Less).

Website: <http://www.dhcd.state.md.us/Website/programs/cdammp/da03.html>

Program Name: Neighborhood Housing Services (NHS)

Agency: Maryland Department of Housing and Community Development

Description: Neighborhood Housing Services (NHS) organizations partner with residents, financial institutions, community organizations, local governments and the State to stabilize and improve the housing market in targeted low- and moderate-income neighborhoods. Through matching grants, Maryland supports a portion of the operating costs of three NHS corporations, each of which has been certified by the Neighborhood Reinvestment Corporation: NHS of Baltimore, Inc., which includes the Hillendale area of Baltimore County; Cumberland NHS, Inc., and Salisbury NHS, Inc. The NHS corporations operate programs to provide homeownership opportunities to low and moderate-income persons through closing cost assistance and homebuyer education and counseling services. NHS corporations also rehabilitate homes for ownership and rental.

Qualifications: NHS corporations that are approved and certified by the Neighborhood Reinvestment Corporation are eligible applicants. There are three certified NHS corporations in Maryland

Website: <http://www.dhcd.state.md.us/Website/programs/nhs/nhs.aspx>

Maryland City and County Programs

Program Name: Live Near Your Work

Agency: Baltimore City

Description: The Baltimore City Live Near Your Work Program will provide a minimum of \$2,000 grant or conditional grant to employees for settlement and closing costs to purchase homes in targeted neighborhoods near their employers. Baltimore City will contribute \$1,000 per employee, which will be matched by the participating employer. Employees will be required to contribute a minimum of \$1,000 cash toward the purchase of their home.

Qualifications: Both the Baltimore City Office of Homeownership and employers have the right to create eligibility requirements and program benefits, as well as program restrictions for their employees. All eligibility requirements and program benefits must comply with applicable laws, and fulfill the purpose and objectives of the Baltimore City live Near Your Work Program. As a Baltimore City sponsored incentive program, buyers are required to attend city-approved homeownership counseling. The funds are first-come, first-served basis.

Website: <http://www.livebaltimore.com/hb/inc/lnyw/>



Preliminary Inventory of Workforce Housing Assistance Programs

Program Name: Baltimore City Employee Homeownership program

Agency: Baltimore City

Description: Available as city budget allows. Up to \$3,000 forgivable loan provided with a 5-year term reducing 20% for each year of occupancy (\$3,750 for purchase in Healthy Neighborhood, which must be mentioned at time of application). There are a number of ineligible neighborhoods including Bellona-Gittings, Blythewood, Canton, Cedarcroft, Cross Keys, Evergreen, Federal Hill, Guilford, Hunting Ridge, Homeland, Kernewood, Keswick, Lake Evesham, Loyola, Mt. Washington, North Roland Park, Otterbein, Original Northwood, Roland Park, Rosebank, Sebina-Mettfelt, Ten Hills, The Orchards, Tuscany-Canterbury, Windhurst.

Qualifications:

1. Must be employed and paid by the Mayor and City Council of Baltimore City for minimum of six months
2. Must occupy property as primary residence
3. Eligible properties: Single family house, 1 to 2 dwelling unit, or condominium
4. Only one City employee per household may receive assistance
5. Must use approved Fannie Mae/Freddie Mac lenders or Municipal Employee's Credit Union for first mortgage financing
6. Employee must invest a minimum of \$1,000 from personal funds
7. Buyer must obtain a housing counseling certificate from a City-approved housing counseling agency

Website: <http://www.livebaltimore.com/hb/inc/dp/#CEHP>

Program Name: Healthy Neighborhood Initiative

Agency: Baltimore City

Description: To help stimulate the purchase and renovation of homes in the "Healthy Neighborhoods", ten banks have agreed to establish a \$38 million loan pool to be loaned at favorable terms and at below market interest rates. Three loan products have been developed. The products are:

A) Purchase/Rehabilitation Loan

- For new home buyers on target blocks in the neighborhoods who will make improvements to the property in conjunction with the purchase;
- Thirty year mortgages at fixed rates one point below market;
- After contributing 3% of the purchase price from their own funds, buyers may borrow the balance of funds needed to buy and renovate the home, as much as 120% of the after rehab appraisal of the property;
- The assistance of an architect is available at no cost to help buyers plan improvements and to review contractors' proposals.

B) Refinance/Rehab Loan

- Existing owners on target blocks may refinance their existing mortgages and borrow additional funds to make improvements at the same low rate as is available to new buyers. Improvements must include significant and visible exterior renovations.
- Terms and assistance are identical to the Purchase Mortgage described above.

C) Home Improvement Loan

- Homeowners within the boundaries of the Healthy Neighborhoods communities are eligible to borrow for home improvements.
- Owners can borrow up to \$20,000 for ten years at the Prime Rate. Owners of larger homes are eligible to borrow up to \$40,000 at the same rate and term.
- The free services of an architect are also available to these borrowers to help plan improvements and review contractors' proposals.



Preliminary Inventory of Workforce Housing Assistance Programs

Qualifications:

1. For purchase/rehabilitation and refinance/rehabilitation, the borrower must occupy a property in one of the target blocks of each participating neighborhood. Target blocks can be identified by a participating neighborhood organization.
2. Borrower must have sound credits and pass a credit screening first by the neighborhood group, then by Bradford Bank for loan approval.
3. Housing expenses should not exceed 30% of the buyer's income, and total debt should not exceed 40% of the buyer's income.

Website: <http://www.livebaltimore.com/hb/inc/spl/#HNI>

Program Name: Closing Cost Loan Program

Agency: Neighborhood Housing Services of Baltimore Inc. (NHS). NHS is a non-profit community development organization in Baltimore

Description: Low interest loans up to \$5,000 at 5% to homebuyers who do not have sufficient assets to pay settlement expenses for purchase of properties intended for occupancy as a primary residence. Loan Terms are fixed rate 10-year amortization. Borrowers Cash Contribution is determined by First Mortgage Lender Financing but, minimum of \$1,000.00 (this amount can include fees for appraisals, credit reports, application fees, home inspection fees and first year homeowners insurance premium).

Qualifications: No income restrictions, but loan is only available in the NHS targeted areas in Coppin Heights, Southwest Seven, Patterson Park.

Website: <http://www.livebaltimore.com/hb/inc/spl/#nhs>

Program Name: The Moderately Priced Dwelling Units (MPDUs) Program “Annapolis Houses”

Agency: City of Annapolis

Description: To ensure that housing choices continue to be available to its residents and employees with moderate incomes, the City Council passed the Moderately Priced Dwelling Unit (MPDU) Law in 2004. This law requires developments of 10 units or more to provide 12% of for-sale housing and 6% of rentals to be set aside as moderately priced. This means that the sale price or rent is below the market rate for other units in the same development.

Qualifications:

1. Have an income that is 100% or less than the family median income for the Baltimore Metropolitan Statistical Area (MSA), with adjustments for household size, as reported by the United States Department of Housing and Urban Development (HUD)
2. The City has established a minimum household annual income of \$35,000 to be eligible to purchase an MPDU through the program, as sales prices normally require at least that amount of income to qualify for a mortgage.
3. Cannot currently own a home.
4. Must be a city resident within the corporate limits
5. Must be a City of Annapolis employee beyond their probationary period; or
6. Must be employed within the City limits for at least the past twelve months; or
7. Must be a full time teacher in an elementary, middle or high school within the City limits; or
8. Must be a teacher or staff member in a school that is included in the Annapolis Senior High School district as defined by the Anne Arundel County Public Schools.

Website: <http://www.ci.annapolis.md.us/info.asp?page=7374>



Preliminary Inventory of Workforce Housing Assistance Programs

Charles County

Program Name: First Time Home Buyers Settlement Expense Loan Program (SELP)

Agency: Housing Commission of Charles County

Description: The Department of Community Services administers the Settlement Expense Loan Program (SELP) for Charles County. The Program is sponsored by the Housing Commission of Charles County, with the support of the Charles County Commissioners. This Program provides direct financial assistance up to \$4,000 to qualified low- and moderate income, first time homebuyers, with settlement expenses associated with a home purchase in designated areas of Charles County. For information call 301-934-0136 or 301-870-3388, extension 5136.

Website: <http://www.charlescounty.org/cs/housing/>

Fredrick County

Program Name: Fredrick County Homeownership Program

Agency: Fredrick County

Description: The Frederick County Countywide Homeownership Program, in partnership with the U.S. Department of Agriculture (USDA) Rural Housing Service and the Woodsboro Bank of Frederick, provides low-interest mortgages and closing costs to income-eligible families. The program provides assistance in designated rural areas of Frederick County, excluding the City of Frederick and its environs. Eligibility is based on income, credit and affordability. Applicants may not currently own property. Funding is available for the purchase and repair of “fixer upper” homes through reduced interest rates and subsidized loans.

Website: <http://www.co.frederick.md.us/Housing/HomeOwnership.html>

Federal Programs

Program Name: My Community Mortgage

Agency: Fannie Mae

Description: This is a program to encourage lenders to lend money to low and middle income borrowers and help them overcome the two primary barriers to homeownership: lack of down payment funds and qualifying income. Essentially Fannie Mae bought a large number of mortgages held by low and middle-income homeowners freeing lenders to use the money from these sales to make new loans.

Qualifications: Must be a lending institution.

Website:

<http://www.fanniemae.com/housingcommdev/solutions/fannie97.jhtml?p=Affordable+Housing+%26+Community+Development&s=Affordable+Housing+Solutions&t=Fannie+97>

Program Name: Officer Next Door (OND)

Agency: HUD

Description: OND properties are listed and sold exclusively over the Internet. Properties are single-family homes located in Revitalization Areas. Properties available through the program are marked with a special Officer Next Door button. Bids are awarded once each week. Officers must bid the amount of the list price. The selected bidder may purchase the property at a 50 percent discount from the list price. For example, if a HUD home is listed for \$100,000, an officer can buy it for \$50,000. To make a HUD home even more affordable, officers may apply for an FHA-insured mortgage with a down payment of only \$100. Officers may finance all closing costs.

Qualifications:

1. Full-time, sworn law enforcement officer who is employed full-time by a federal, state, county or municipal government; or a public or private college or university.

Website: <http://www.hud.gov/offices/hsg/sfh/reo/goodn/ond.cfm>



Preliminary Inventory of Workforce Housing Assistance Programs

Program Name: Teacher Next Door

Agency: HUD

Description: Same process and incentives as Office Next Door

Qualifications:

1. Employed full-time by a public school, private school, or federal, state, county, or municipal educational agency as a state-certified classroom teacher or administrator in grades K-12.

Website: <http://www.hud.gov/offices/hsg/sfh/reo/goodn/tnd.cfm>

Program Name: Firefighter - Emergency Medical Technician Next Door

Agency: HUD

Description: Same process and incentives as Office Next Door

Qualifications:

1. Employed as a full-time firefighter or emergency medical technician by a fire department or emergency medical services responder unit of the federal government, a state, a unit of general local government, or an Indian tribal government serving the area where the home is located. The employment requirement must be satisfied both at the time the firefighter or emergency medical technician submits a bid to purchase the home, and at the time of closing on the purchase of the home.

Website: <http://www.hud.gov/offices/hsg/sfh/reo/goodn/fnd.cfm>

Community Development Programs (HUD)

Note: HUD defines moderate income as 80-100% of median income by locality.

Program Name: Community Development Block Grant Entitlement Communities Grants (CDBG)

Agency: HUD

Description: The program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. To receive its annual CDBG entitlement grant, a grantee must develop and submit to HUD its Consolidated Plan a template of which is available on the HUD website.

Qualifications:

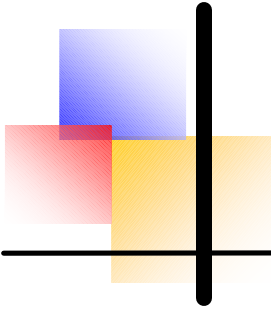
1. Metropolitan cities with populations of at least 50000
2. Qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities) are entitled to receive annual grants.

Website: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/>

Program Name: State Administered CDBG

Agency: HUD

Description: Congress amended the Housing and Community Development Act of 1974 (HCD Act) in 1981 to give each State the opportunity to administer CDBG funds for non-entitlement areas. Non-entitlement areas include those units of general local government, which do not receive CDBG funds directly from HUD as part of the entitlement program (Entitlement Cities and Urban Counties). Maryland's Program is administered by the Maryland Department of Housing and Community Development (DHCD), in cooperation with the Maryland Department of Business and Economic Development (DBED).



Preliminary Inventory of Workforce Housing Assistance Programs

Qualifications:

1. Participating states must:
 - a. Formulate community development objectives;
 - b. Decide how to distribute funds among communities in non-entitlement areas;
 - c. Ensure that recipient communities comply with applicable State and Federal laws and requirements.

Website: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/stateadmin/>

Program Name: Community Renewal Initiative

Agency: HUD

Description: HUD re-energized this Initiative in December 2001 by designating 40 urban and rural RCs (Renewal Communities) and 8 new urban EZs (Empowerment Zones). These new designees are able to use an \$11 billion tax-incentive package to open new businesses, provide thousands of new jobs, and rehabilitate and build new housing.

Qualifications:

1. Tax-incentive packages are designed for businesses to attract them to Renewal Communities and Empowerment Zones across the nation.

Website: <http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/>

Program Name: Section 108 Loan Guarantee Program

Agency: HUD

Description: Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods.

Qualifications:

1. Must be a local government

Website: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/>

Program Name: Rural Housing and Economic Development (RHED)

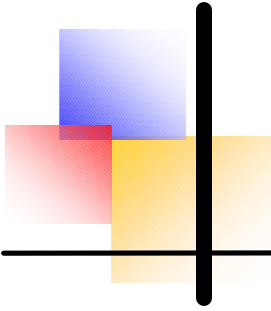
Agency: HUD

Description: The Rural Housing and Economic Development (RHED) Program provides for capacity building at the State and local level for rural housing and economic development and to support innovative housing and economic development activities in rural areas.

Qualifications:

1. Must be a local government

Website: <http://www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/>



Preliminary Inventory of Workforce Housing Assistance Programs

Single Family Housing Programs

Program Name: Mortgage Insurance for One to Four Family Homes - Section 203(b)

Agency: HUD

Description: Through this program, HUD's Federal Housing Administration (FHA) insures mortgages made by qualified lenders to people purchasing or refinancing a home of their own. FHA's mortgage insurance programs help low- and moderate-income families become homeowners by lowering some of the costs of their mortgage loans. FHA mortgage insurance also encourages lenders to make mortgages to otherwise creditworthy borrowers and projects that might not be able to meet conventional underwriting requirements, by protecting the lender against default on mortgages for properties that meet certain minimum requirements--including manufactured homes, single-family and multifamily properties, and some health-related facilities.

Qualifications:

1. Anyone intending to use the mortgaged property as their primary residence is eligible to apply for an FHA insured mortgage through FHA-approved lenders. This program is not open to investors.

Website: <http://www.hud.gov/offices/hsg/sfh/ins/203b--df.cfm>

Program Name: Insurance for Adjustable Rate Mortgages (Section 251)

Agency: HUD

Description: Section 251 insures home purchase or refinancing loans with interest rates that may increase or decrease over time, enabling consumers to purchase or refinance their home at a lower initial interest rate.

Qualifications: Any person able to meet the cash investment, the mortgage payments, and credit requirements can apply. The program is generally limited to owner-occupants.

Website: <http://www.hud.gov/offices/hsg/sfh/ins/251--df.cfm>

Program Name: Graduated Payment Mortgage Insurance (Section 245)

Agency: HUD

Description: Section 245 enables a household with a limited income that is expected to rise to buy a home sooner by making mortgage payments that start small and increase gradually over time. HUD's Federal Housing Administration (FHA) administers mortgage insurance programs that help low- and moderate-income families become homeowners by lowering some of the initial costs of their mortgage loans. Three of the five plans permit mortgage payments to increase at a rate of 2.5, 5, or 7.5 percent during the first 5 years of the loan. The other two plans permit payments to increase 2 and 3 percent annually over 10 years. Starting at the sixth year of the 5-year plans and the eleventh-year of the 10-year plans, payments will stay the same for the remaining term of the mortgage.

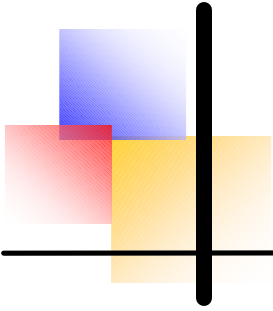
Qualifications: Anyone who intends to use the mortgaged property as their primary residence and who expects to have a rising income is eligible to apply for Section 245 mortgage insurance.

Website: <http://www.hud.gov/offices/hsg/sfh/ins/245--dft.cfm>

Program Name: Mortgage Insurance for Condominium Units (Section 234(c))

Agency: HUD

Description: The program insures a loan for as many as 30 years to purchase a unit in a condominium building which must contain at least four dwelling units and can be detached or semidetached, a rowhouse, a walk-up, or an elevator structure. The loan is made by a lending institution, such as a mortgage company, bank, or savings and loan association, and is insured by HUD's Federal Housing Administration (FHA).



Preliminary Inventory of Workforce Housing Assistance Programs

Qualifications: Any creditworthy potential owner-occupant who meets FHA underwriting criteria and will make the condominium unit their principal residence is eligible for a mortgage insured under this program

Website: <http://www.hud.gov/offices/hsg/sfh/ins/234c--df.cfm>

Program Name: Mortgage Insurance for Older, Declining Areas (Section 223(e))

Agency: HUD

Description: Section 223(e) provides mortgage insurance to enable people to purchase or rehabilitate housing in older, declining urban areas. Section 223(e) can be used only to supplement other HUD mortgage insurance programs.

Qualifications: Individuals and families whose property is located in an older, declining urban area are eligible to apply for Section 223(e) mortgage insurance. The program is also open to sponsors of multifamily housing located in older, declining urban areas.

Website: <http://www.hud.gov/offices/hsg/sfh/ins/223e--dfcfm>

Program Name: Energy Efficient Mortgages Program

Agency: HUD

Description: The Energy Efficient Mortgages Program (EEM) helps homebuyers or homeowners save money on utility bills by enabling them to finance the cost of adding energy-efficiency features to new or existing housing as part of their FHA-insured home purchase or refinancing mortgage.

Qualifications: All persons who meet the income requirements for FHA's standard Section 203(b) insurance and can make the monthly mortgage payments are eligible to apply. The cost of the energy improvements and estimate of the energy savings must be determined by a home energy rating system (HERS) or an energy consultant. Up to \$200 of the cost of an energy inspection report may be included in the mortgage. Cooperative units are not eligible.

Website: <http://www.hud.gov/offices/hsg/sfh/eem/energy-r.cfm>

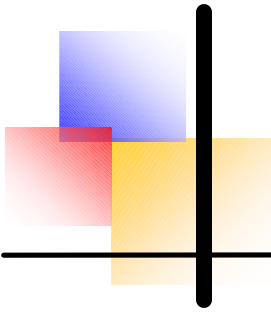
Program Name: American Dream Down payment Initiative

Agency: HUD

Description: \$3,000 per family in closing cost and down payment assistance. Eligible houses must be free of any flaking, peeling, or chipping paint inside and outside - and the home inspection must document no unstable paint surfaces. Home inspectors must be members of the NAHI (National Association of Home Inspectors) or ASHI (American Society of Home Inspectors).

Qualifications: Eligible families are first-time homebuyers with family incomes 80% or below the area median

Website: <http://www.livebaltimore.com/hb/inc/dp/#ADDI>



Glossary

Adaptive Reuse – a process that reclaims/restores a building for a new use while retaining historic features.

Affordable Housing – housing which can be attained by citizens who make less than 80 percent of median income.

BRAC – Base Realignment and Closure; 2005 effort in which Maryland received an influx of positions and population.

Comprehensive Plans – also called general or master plans; a plan for land use and growth that recognizes the physical, economic, social, political, aesthetic and related factors of the community.

Data Center – MDP division, which receives, analyzes and makes available US Census information.

Density- the number of dwelling units or persons per acre of land, usually expressed in units per gross acre.

Department of Business and Economic Development (DBED) – Maryland state agency that supports and initiates effective business and economic development for the State.

Department of Housing and Community Development (DHCD) – state agency that supports the revitalization of communities, expands home ownership and affordable housing opportunities.

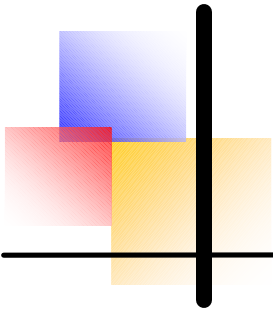
Development – the process by which a buildable lot (s) attains construction units.

Development Capacity Analysis – MDP led analysis with each local jurisdiction to determine numbers of buildable lots.

Employer Assisted Housing (EAH) – efforts by private employers to assist employees in finding reasonable housing; may be combined with other programs, public and private.

Fannie Mae – Federal National Mortgage Association.

House Bill 1141 – House bill passed by the Maryland General Assembly and signed by Governor Ehrlich that addresses certain comprehensive planning areas, annexations and established the State Task Force on Future Growth and Development.



Glossary

Infill Development – development that takes place on vacant or underused parcels in an area that already has access to appropriate infrastructure.

Infrastructure – the built facilities generally required to serve a community’s developmental and operational needs.

Land use – types of buildings and activities existing in an area or site; distinguished by local zoning.

Manufactured home – a house constructed almost entirely at the factory and carried on a steel chassis to a permanent site.

Maryland Department of Planning (MDP) – state agency that promotes growth, fosters vibrant communities and preserves historic resources with effective use of state resources. (<http://www.mdp.state.md.us/>)

Maryland Department of Transportation (MDOT) – state agency that provides citizens with the State transport network encompassing aviation, highway, marine, mass transit, motor vehicle, rails and toll facilities. (<http://www.mdot.state.md.us/>)

Priority Funding Area (PFA) – geographic area designated by county in concert with the State for targeted State funding if certain criteria are met. (www.mdp.state.md.us/pfamap.htm)

Recordation Tax - tax imposed by county to record a deed.

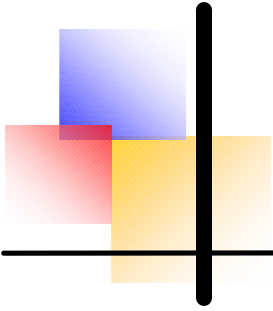
Redevelopment – process by which a site undergoes redesign or renovation with the purpose of enhancing the site/area and general stability of the neighborhood.

Smart Growth in Maryland – the philosophy of supporting existing communities by targeting resources to support existing development. (<http://www.mdp.state.md.us/>)

Sweat Equity – work performed in return for a stake in ownership as in a home.

Transfer of Development Rights (TDRs) – growth management tool used to protect designated sensitive/rural areas by allowing development to be transferred to an eligible receiving zone.

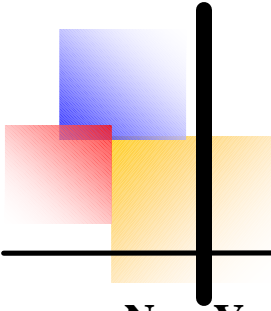
Transit-Oriented Development (TOD) – land uses sited, designed and combined to maximize the benefits of ridership, especially that on rail transit.



Glossary

Workforce – for the purpose of this Report, citizens who earn their living in the fields of nursing, law enforcement, teaching and fire/EMS; civil servants in critical professions.

Workforce housing – housing the cost of which falls between 80 and 120 percent of median housing cost in the State of Maryland.



Sample Ordinance

New York

Law

Affordable Housing/Workforce Housing

EPA Region 2

Municipality – Town of Bedford (Dutchess County)

Affordable Housing Ordinance

Summary

This affordable housing zoning ordinance from the Town of Bedford was updated in February, 2005. The ordinance mandates a 10% set aside for single family subdivisions and a 20% set aside for multi-family subdivisions. In addition, the Bedford ordinance allows a developer to pay a fee in lieu of providing affordable units, payable to the Town of Bedford Trust Fund. A schedule of fees is contained in the ordinance.

Ordinance

Town of Bedford Chapter 125: ZONING

§ 125-3. Definitions

HOUSING, AFFORDABLE — Dwelling units constructed for families whose annual income does not exceed 80% of the actual Westchester County median income (not capped), with adjustments for household size, as defined and periodically updated by the United States Department of Housing and Urban Development, and the annual rental cost of which does not exceed 30% of said income or, for homeowners, the annual cost of the sum of principal, interest, taxes and insurance (PITI) and common charges, as applicable, does not exceed 30% of said income. [Added 2-1-2005 by L.L. No. 1-2005]

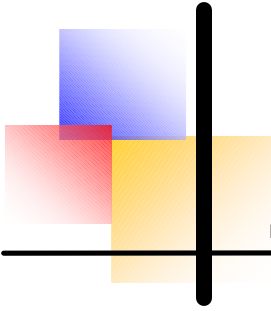
HOUSING FOR THE ELDERLY — Dwelling units, within a townhouse or multifamily dwelling with maximum of two bedrooms, which are designed and intended for and whose occupancy is restricted to handicapped persons, single persons 55 years of age or older or couples in which one person is 55 years of age or older. [Added 9-17-1985; amended 6-27-1989]



Sample Ordinance

§ 125-29.6. Affordable housing. [Added 2-1-2005 by L.L. No. 1-2005]

- A. Findings; policy. The Town Board of the Town of Bedford finds that:
- (1) The Town faces a shortage of affordable housing due to the high cost of housing in the Town, which impacts the general welfare of the municipality;
 - (2) The Town has an obligation to assist Westchester County and New York State in the preservation, rehabilitation, and construction of affordable housing;
 - (3) The social and economic diversity of the Town is dependent upon a reasonable supply of affordable housing;
 - (4) Certain development projects attract new residents to the Town, placing pressure on the supply and availability of affordable housing, and impact existing population patterns and community character;
 - (5) The Town's Comprehensive Plan encourages the creation of affordable housing within the Town;
 - (6) The Town Housing Agency utilizes substantial resources in providing and assisting in the provision of affordable housing;
 - (7) It is the policy of the Town to require builders to share the affordable housing burdens caused by their developments.
- B. Purpose. The purpose of this section is to ensure that new residential development in the Town includes a reasonable supply of affordable housing to meet the needs of the community's citizens. This section sets forth standards for affordable housing to be provided in conjunction with residential subdivisions of land. The provision of such housing may be achieved through the conveyance of land or an in-lieu fee.
- C. Applicability.
- (1) This section shall apply to all proposed residential subdivisions of land in all residential zoning districts.
 - (2) This section shall not apply to any residential subdivision which has received preliminary subdivision approval by the Town of Bedford Planning Board as of the effective date of Local Law 1-2005.
- D. Provision of affordable units.
- (1) At least 10% of the units in any residential subdivision of land in any single-family zoning district shall be established as affordable housing units in any one or combination of methods provided for below:
 - (a) Construction of affordable housing units on the site of the proposed subdivision of land; or



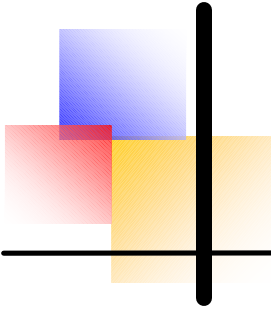
Sample Ordinance

- (b) Construction or creation of affordable housing units off the site of the proposed subdivision of land but within the geographic boundaries of the Town of Bedford. Proposals for off-site affordable housing units shall be subject to approval by the Planning Board; or
 - (c) An equivalent fee-in-lieu payment may be made in accordance with the requirements of § 125-29.6F; or
 - (d) An applicant may offer, and the Planning Board may accept, on behalf of the Town Housing Agency, donations of land in fee simple, on or off site, that the Planning Board in its sole discretion determines are suitable for the construction of affordable housing units. The value of donated land shall be equal to or greater than the value of the construction or set-aside of the affordable units. The Planning Board may require, prior to accepting land as satisfaction of the requirements of this section, that the applicant submit appraisals of the land in question, as well as other data relevant to the determination of equivalent value.
- (2) When a proposed residential subdivision contains 20% or more affordable housing units, the Planning Board may:
- (a) Waive certain fees for applicants;
 - (b) Consider such other forms of assistance which may be under the control of the Town; and
 - (c) Actively assist in obtaining assistance of federal, state or other agencies in support of affordable housing development.
- (3) At least 20% of the units of any multifamily residential development in any multifamily residential zoning district shall be established as affordable housing units;
- E. Provisions applicable to affordable housing units on and off site.
- (1) Siting of affordable units. All affordable units constructed under this section shall be situated within the proposed subdivision or at an approved off-site location so as not to be in less desirable locations than market-rate units in the development and shall, on average, be no less accessible to public amenities, such as open space, as the market-rate units.
 - (2) Minimum design and construction standards for affordable unit. Affordable housing units within market-rate developments shall be integrated with the rest of the development and shall be compatible in design, appearance, construction and quality of materials with other units.
 - (3) Timing of construction or provision of affordable units or lots. The construction of affordable units shall occur proportionately with the construction of the market rate units in the subdivision. No building permit may be issued for the last 10% of market rate units within a subdivision until the last affordable unit has been issued a building permit.



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- (4) At the discretion of the Planning Board and upon a showing of good cause, affordable housing requirements for special populations may be waived or modified. Said populations shall include the handicapped, infirmed or seniors when such housing is independent-living, congregate-care, nursing-home or such other housing for special populations that the Town Housing Agency recognizes.
- F. Calculation of fees-in-lieu of reservation. An applicant for a residential subdivision of land may pay a fee in lieu of the construction of affordable units, on a scaled cost based on proposed lot size as set forth in Appendix A. Editor's Note: See Subsection H, Appendix A: In-Lieu Fees. Said fee shall be deposited into a trust fund, hereinafter known as the "Town of Bedford Housing Trust Fund" to be used for the purchase and development of affordable housing at other locations within the Town. The fee-in-lieu provision shall not apply to the construction of any multifamily dwelling units in any multifamily residential zoning district.
- G. Administration.
- (1) The Town Housing Agency shall be responsible for administering the affordable housing requirements of this section as well as for the promulgation of such rules and regulations as may be necessary to implement such requirements.
 - (2) At the time of the issuance of a building permit, the Building Inspector shall send a copy of such certificate to the Town Housing Agency, which shall then inform the applicant of the maximum rental or sales charge which may be established for affordable housing units in such subdivision and the maximum annual gross family income for eligibility for occupancy of said units.
 - (3) With respect to rental units, on or before March 30 of each year thereafter the Town Housing Agency shall notify the owner or manager of each affordable unit as to the rent and income eligibility requirements for such unit based upon figures derived from the preceding calendar year. With respect to ownership units, the Town Housing Agency shall provide sales criteria for the sale of an affordable housing unit at the time of offering the unit for sale.
 - (4) The owner or manager of each affordable unit shall annually certify to the satisfaction of the Town Housing Agency that the requisite number of affordable units have been assigned to income-eligible individuals which meet the income guidelines in effect when said individual(s) took occupancy. Annual certification shall include unit designations and occupant names and shall be signed by the developer or his or her designated representative, as appropriate, and the Town Housing Agency.
 - (5) Affordable housing units shall not be resold for more than the amount that, at the then-prevailing interest rates, will result in a unit cost meeting the affordable standards set herein. All resales shall be to qualified buyers who meet the requirements set forth in the definition of "affordable housing," as provided in § 125-3 of the Zoning Code.



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H. Appendix A: In-Lieu Fees.

Proposed Lot Size	In-Lieu Fee Required*
¼ acre	\$11,000
½ acre	\$16,500
1 acre	\$27,500
2 acres	\$55,000
4 acres	\$88,000

Note:

- These figures are based on a 10-lot subdivision. For all subdivisions comprised of less than 10 lots, the in-lieu fee shall be a fraction of the total required.